

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SITHE/INDEPENDENCE POWER
PARTNERS, L.P.

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FE DOCKET NO. 92-66-NG

ORDER GRANTING LONG-TERM AUTHORIZATION TO
EXPORT AND IMPORT NATURAL GAS TO AND FROM CANADA
AND GRANTING INTERVENTIONS

DOE/FE ORDER NO. 724

NOVEMBER 19, 1992

I. BACKGROUND

On May 29, 1992, Sithe/Independence Power Partners, L.P. (Sithe) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), 1/ requesting long-term authorization to export to Canada and import back to the United States up to 190,000 Mcf per day of domestic natural gas over a 20-year and 5-month period beginning no later than August 1, 1995. The gas would be consumed in Sithe's proposed 1,000-megawatt (MW) Independence Station Cogeneration Facility to be built in Scriba, New York. The facility is scheduled to begin commercial operation on January 1, 1995.

Sithe is a Delaware limited partnership comprised of a general partner, Sithe/Independence, Inc., and two limited partners, Mitex, Inc., and Sithe Energies, U.S.A., Inc. (Sithe U.S.A.). Sithe, a wholly-owned subsidiary of Sithe U.S.A., has its principal office in New York City. Sithe U.S.A. is a Delaware corporation which is owned 30% by two individual French shareholders and 70% by Compagnie General des Eaux, a French corporation.

Under the proposed export/import arrangement, domestic natural gas purchased from Enron Power Services, Inc. by Sithe would be exported at either St. Clair or Detroit, Michigan, transported in Canada over the pipeline facilities of Union Gas Limited and TransCanada PipeLines Limited (TransCanada), and then re-imported near Grand Island, New York at the interconnection of

TransCanada's proposed "Blackhorse Extension" and the proposed Empire State Pipeline System (Empire). The gas transported through Empire would be transferred at a proposed pipeline connection with Niagara Mohawk Power Corporation (Niagara Mohawk) near Phoenix, New York, for delivery to the cogeneration plant. Electricity from the proposed cogeneration facility would be sold to Niagara Mohawk and Consolidated Edison Company, while hot water generated by the facility would be sold to the Alcan Rolled Products Company.

_____ A notice of the application was published in the Federal
Register on July 15, 1992, inviting protests, motions to
_____ intervene, notices of intervention, and comments to be filed by August 14, 1992. 2/ Motions to intervene were filed by Great Lakes Gas Transmission Limited Partnership and Niagara Mohawk. This authorization grants intervention to these movants.

II. FINDING _____

The application filed by Sithe has been evaluated to determine if the proposed export and import arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of The Energy Policy Act of 1992 (P.L. 102-486). Under section 3(c), the export or import of natural gas to or from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought

2 57 FR 31368.

by Sithe to export and import natural gas to and from Canada, a nation with which a free trade agreement is in effect with the United States meets the section 3(c) criterion and is therefore consistent with the public interest.

ORDER

For the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Sithe/Independence Power Partners, L.P. (Sithe) is authorized to export to Canada and import back to the United States up to 190,000 Mcf of domestic natural gas per day, over a 20-year and 5-month period beginning no later than August 1, 1995. The natural gas may be exported at either St. Clair or Detroit, Michigan, and re-imported at Grand Island, New York.

B. Within two weeks after deliveries begin, Sithe shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first export/import delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas exports and imports authorized by this Order, Sithe shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether exports or imports of natural gas have been made. If none have been made, a report of "no activity" for that calendar quarter must be filed. If

activity occurs, Sithe must report total monthly export and import volumes in Mcf by point(s) of exit and entry.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than 30 days after the calendar quarter in which exports and imports first occur under this authorization.

E. The motions to intervene filed by Great Lakes Gas Transmission Limited Partnership and Niagara Mohawk Power Corporation are hereby granted provided that their participation shall be limited to matters specifically set forth in their motion to intervene and not herein denied, and that admission of these intervenors shall not be construed as recognition that they are aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on November 19, 1992.

James G. Randolph
Assistant Secretary for Fossil Energy